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TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1937

No. 316

CONNECTICUT GENERAL LIFE INSURANCE COMPANY, APPELLANT,

vs.

CHARLES G. JOHNSON, AS TREASURER OF THE STATE OF CALIFORNIA

APPEAL FROM THE SUPREME COURT OF THE STATE OF CALIFORNIA

FILED AUGUST 14, 1937.

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IN SUPERIOR COURT OF CALIFORNIA, IN AND FOR THE CITY AND COUNTY OF SAN FRANCISCO

DEPT. No. 2

No. 233,879

CONNECTICUT GENERAL LIFE INSURANCE COMPANY (a Corporation), Plaintiff,

vs.

CHARLES G. JOHNSON, as Treasurer of the State of California, Defendant

AMENDED COMPLAINT TO RECOVER PREMIUM TAXES—Filed May 27, 1936

Now comes plaintiff and by this amendment complains of the above named defendant and for cause of action alleges:

I

Plaintiff is a corporation duly created, organized and existing under and by virtue of the laws of the State of Connecticut, having its Home Office and principal place of business in the City of Hartford, State of Connecticut, and is and during all of the times herein mentioned and for many years prior thereto has been authorized to transact the business of life and accident and health insurance in the [fol. 3] State of California and elsewhere; and defendant herein is now the duly elected, qualified and acting Treasurer of the State of California.

II

That for many years prior to and during the year 1930 plaintiff sold a substantial volume of its life and accident and health contracts in the State of California to residents

of that state, all of which business was conducted and transacted through its local agents in that state, which agents were licensed in accordance with the laws of the State of California; and during the year 1930 plaintiff collected from its policyholders in California net premiums in the amount of $375,460.04, on account of this life and accident and health insurance business which it conducted in California, and plaintiff, in accordance with the law, reported this amount in its annual statement to the California Insurance Department covering the year 1930, which statement was submitted prior to the 1st day of March, 1931.

III

The aforementioned life and accident and health insurance business was conducted within the State of California in accordance with authority granted to plaintiff by the State of California, acting through its Insurance Commis- [fol. 4] sioner, which issued to plaintiff certificates of authority for the year commencing July 1, 1929, and ending June 30, 1930, and also for the period commencing July 1, 1930, and ending June 30, 1931. Said certificates of authority and both of them granted to plaintiff authority "to transact the business of life and accident and health insurance within said state", to-wit, the State of California, but neither certificate of authority authorized plaintiff to transact in California any other type of business except the three types above mentioned, all of which are recognized as types of insurance business under Section 594 of the Political Code of the State of California.

IV

In addition to the aforementioned life and accident and health insurance business which the plaintiff was authorized to and did conduct in the State of California during the year 1930 and for many years prior thereto, the plaintiff was also authorized, under and by virtue of the laws of the State of Connecticut but not under or by virtue of the laws of the State of California, to transact a life reinsurance business, and plaintiff did in fact transact a large volume of this type of business during 1930, it being one of the principal life reinsurance companies of the United [fol. 5] States. Prior to the first day of January, 1930, plaintiff made and entered into in Hartford, Connecticut,

and wholly without the boundaries of the State of California, certain agreements or treaties of reinsurance with other life insurance companies under the terms of which plaintiff reinsured certain other life insurance companies hereinafter referred to as reinsured companies, which reinsured companies were authorized to and were doing business in various states of the United States, including the State of California, in some of which states plaintiff was likewise authorized to do business and in other of which states plaintiff was not authorized to do business. Under the terms of the aforesaid reinsurance agreements or treaties plaintiff agreed to indemnify the reinsured companies for a part or all of the liability which these reinsured companies might incur under one or more of the policies or contracts of life insurance of the reinsured companies issued by the reinsured companies to residents of various states of the United States, including residents of the State of California.

V

No act or transaction whatsoever which the plaintiff had or did in connection with the aforesaid reinsurance agree-
[fol. 6] ments or treaties occurred within the State of California, nor did plaintiff have any dealings with nor assume any liability whatsoever toward or collect any premiums from any of the policyholders of the reinsured companies, nor did it issue any policy to any policyholders of the reinsured companies, nor did it issue any policy to the reinsured companies. All transactions in connection with the aforesaid reinsurance business were conducted by plaintiff and said reinsured companies through the use of the United States mail, and no agent of plaintiff in California at any time had any dealings with the aforesaid reinsurance business, the general life and accident and health insurance business of plaintiff in California and the aforesaid reinsurance business being entirely separate and distinct, and no records of plaintiff in connection with the aforesaid reinsurance business were kept or maintained within the State of California during any of the times herein mentioned.

VI

All considerations which the plaintiff received from the reinsured companies under the terms of the reinsurance agreements or treaties were sent to and received by plain-